

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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R 040720Z MAR 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 7722

INFO AMCONSUL THESSALONIKI

AMEMBASSY ANKARA

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E.O. 11652: N/A

TAGS: ENRG, EINV, GR

SUBJECT: GOG - OCEANIC NEGOTIATIONS AT CRITICAL STAGE

REF: ATHENS 245 AND 210

1. LOCAL PRESS REPORTED MARCH 1 CONCLUSION OF NEGOTIATIONS FOR REVISION OF GOG-OCEANIC OIL EXPLORATION AND DEVELOPMENT AGREEMENT. GOG'S "FINAL TERMS" WERE REPORTEDLY COMMUNICATED TO OCEANIC REPS IN MEETING HELD FEB. 27 WITH COORDINATION AND PLANNING MINISTER PAPALIGOURAS AND INDUSTRY MINISTER KONOFAGOS. ACCORDING TO PRESS GOG UNWILLING TO DISCUSS ALTERNATIVE PROPOSALS. OCEANIC'S FINAL ANSWER EXPECTED WITHIN 15 DAYS.

2. OCEANIC'S LOCAL LEGAL REP K. KYRIAKIDES CONFIRMED TO EMBASSY SUBSTANCE OF PRESS REPORTS. ALTHOUGH HE DECLINED TO DISCUSS SPECIFICS OF NEGOTIATIONS, HE STATED THAT THEY FOCUSED ON FOUR MAJOR ISSUES, AND THAT

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PROSPECTS ARE GOOD FOR REACHING AGREEMENT ON THREE OF THESE.

KYRIAKIDES ADMITTED DIVERGENCE OF VIEWPOINTS ON FOURTH ISSUE, I.E., RESPECTIVE SHARES IN PROFITS TO ACCRUE FROM THE EXPLOITATION OF THE THASSOS OIL RESERVES. HE INDICATED THAT OCEANIC REPS WILL BE BACK IN ATHENS LATE NEXT WEEK WITH FINAL ANSWER.

3. COMMENT: IT SEEMS APPARENT FROM KYRIAKIDES' GUARDED COMMENT THAT AT LEAST TWO MAJOR ISSUES MAY HAVE ALREADY BEEN RESOLVED I.E. THE RATE OF ROYALTY TO BE PAID BY OCEANIC AND THE AREA OF OCEANIC'S CONCESSION OVER THE REMAINING 26-YEAR PERIOD OF ITS CONTRACT. EFFECTIVE MARCH 1975 OCEANIC MAY RETAIN 20 PERCENT OF THE AREA OF ITS ORIGINAL CONCESSION. THE POINT IN DISPUTE HAS BEEN WHETHER THE 20 PERCENT WOULD BE MADE UP OF SMALLER AREAS SCATTERED THROUGHOUT THE ORIGINAL CONCESSION AREA, AS PROVIDED UNDER THE INITIAL CONTRACT AND CLAIMED BY OCEANIC, OR WHETHER IT SHOULD CONSTITUTE AN INTEGRAL AREA AS SOUGHT BY GOG. IN THE STANDARD OIL EXPLORATION AND DEVELOPMENT CONTRACTS WHICH GOG HAS SIGNED WITH EXPLORATION COMPANIES UP TO NOW, PROFIT SHARING HAS NOT BEEN AN ISSUE. WITH THE PROSPECT THAT AN EXPLORATION COMPANY-OCEANIC-MAY FINALLY GET SOME PROFITS, OBVIOUSLY THIS SITUATION HAS CHANGED. MR. KYRIAKIDES REFRAINED FROM MAKING FORECASTS ON THE FINAL OUTCOME OF THE NEGOTIATIONS, BUT ONLY STRESSED THAT THEY HAVE REACHED A CULMINATION POINT.
KUBISCH

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